

Exhibit “P”

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Negotiations to continue between Pershing County, Burning Man County officials seeking final event agreements by early June

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LOVELOCK - Negotiations were at a standstill over a law enforcement contract and an event agreement during a teleconference on Monday between Pershing County and Burning Man officials, according to county Commissioner Darin Bloyed.

On Tuesday, Bloyed expressed frustration with the discussions but said he is seeking to have new agreements in place for this year's event by early June. He said a date has not been set for the next session of negotiations with Black Rock City officials, organizers of the Burning Man event.

Monday's teleconference was another attempt to resolve conflicts over the county's proposed 2012 event agreement and a proposed county law enforcement budget for this year's festival. Bloyed participated in the discussions along with District Attorney Jim Shirley and Sheriff Rich Machado.

Bloyed said Shirley is working up a detailed spreadsheet of law enforcement expenses as requested by BRC officials.

Bloyed also said he'll stand firm with the level of 40 law enforcement officers that he and other county officials believe are needed to maintain the safety of minors and other participants at the event.

At the May 2 commission meeting, BRC officials said they would not accept the county's proposed event agreement for 2012 because it could rescind their "rights" under previous agreements. The BRC officials also stated they consider the county's law enforcement budget, and the number of law enforcement officers, excessive.

BRC officials have also told the county commission they wish to have future discussions on the "applicability" of the county's festival ordinance scheduled to take effect on Oct. 1.

This year's festival could attract up to 54,000 or more "burners" to the Black Rock play on the western edge of Pershing County.

Disagreements between the county and BRC must be resolved before this year's event is permitted by the Bureau of Land Management. The deadline for the county's agreements with Burning Man is 60 days before the event officially starts in the week before Labor Day, according to Gene Seidlitz, the BLM's Winnemucca District manager.

Bloyed said on Tuesday that the county commission could be faced with possible litigation by District Attorney Jim Shirley, although he's not yet certain of the nature of such litigation.

"Jim's explanation to us is there are two avenues - one is a new contract that would null and void past agreements," he said on Tuesday. "The other is to bring litigation basically to protect us and basically tie our hands to sticking with the ordinance."

On Tuesday, Shirley said he had no comment on the details of possible litigation he may or may not file in district court. He did say the litigation would be related to state statutes regarding outdoor festivals.

"I can't discuss it (the litigation) until it's filed," he said. "Generally, we don't discuss pending litigation before it's filed. It's related to the statutory requirements that the (county) commissioners have regarding festivals in general. It requires them to hold hearings, pass an ordinance, receive a license, those type of things. When I file it (the litigation), it will speak for itself."

As to ongoing negotiations with Burning Man officials, Shirley said discussions will continue sometime in June. At that time, he said he'll present a detailed spreadsheet of county law enforcement costs for the Burning Man event.

"I don't know if I'd exactly call it (the negotiations) at an impasse, but there are some significant issues that we have to hammer out," Shirley said. "At some point, it's going to be too difficult for both sides to finalize it. We're coming up on a deadline. I don't know when it is exactly."

Bloyed said he hopes to complete the agreements for this year's event by early June and then move forward with the ordinance for next year "because we're getting so close (to Burning Man) and they've already sold tickets."

Since 2005, the county commission has made annual event agreements with Burning Man organizers. This year, the county's proposed agreement, presented by Shirley at the May 2 county commission meeting, would "rescind, revoke and supersede any and all prior agreements."

"It kind of went by agreement each year. We grew when they grew," Bloyed said. "But things have changed and past commissioners can't tie the hands of future commissioners. So those past agreements have to go away, but Burning Man is not buying that. That's something we'll have to work out in the future."

The county's annual agreements with Burning Man organizers may have violated a state law, requiring a county event ordinance that Bloyed said he was not aware of during negotiations in previous years.

"I didn't know that was even on the books," he said. "That's where our attorney comes in and is supposed to say, 'hey guys, you've got to follow this NRS statute.' That didn't happen. I don't think he knew about it either, that's my honest opinion."

Bloyed said some residents are concerned by reports of children at Burning Man. He doesn't believe the county has the authority to outlaw minors, alcohol or any legal activities permitted by the BLM and said he's not the "morality police."

"All of a sudden, there's a morality issue and there's an upset faction out there trying to force our hand," he said. "I don't have anything against them (Burning Man). Everybody has a right to do what they feel like doing, as long as they're not breaking the law. If they're permitted by the BLM, the federal government, what rights do we have to go over and supersede that stuff?"

Bloyed said he's pushing for increased county law enforcement to protect minors at the event. However, at the last commission meeting, BRC officials said crime at the event has decreased and called the county's proposed law enforcement budget too high.

"At the end of the day, they know as well as I know, if we have a \$320,000 price tag for law enforcement and we come back with \$280,000 in receipts, then they're getting a refund," Bloyed said. "That's rightly so, I have no problem with that. It was never meant to be a money maker for the county, especially when you've got a mixed community worried about morality issues."

During recent negotiations, BRC officials seemed to move toward, then later away from a new agreement that would void past county agreements, Bloyed said on May 11.

"They kind of nodded but now all of a sudden it's not even on the table," he said. "That's not going to happen. That's where I get concerns that a judge might say, 'hey, wait a minute, you guys have some problems. We're not having this event until you get things worked out.' That could happen and then they (Burning Man) could come back and say the commissioners were wrong. Then we would have a huge liability - we just cost Burning Man \$20 or \$30 million or whatever it is they make out there."

Bloyed said on May 11 he wants to settle the new agreements for this year, have negotiations wrapped up by the first of June and avoid any potentially costly litigation between the county and Burning Man officials.

"Our next negotiation is on Monday by phone at 2 p.m.," he said. "The sheriff, myself and Jim Shirley will meet with Ray (Allen) and the rest of his board. We'll get a lot closer on the law enforcement agreement, but I'm not willing to take that step until we're in agreement on the past agreements being null and void. It's a card game, if you will."